



Coffee Break Training - Fire Prevention and Public Education

Determining Acceptable Level of Risk

No. FM-2013-5 May 23, 2013

Learning Objective: The student shall explain how a community determines its acceptable level of risk.

Every day we make personal decisions concerning our acceptable level of risk. We do it when we decide where to live, what type of vehicle to purchase, or whether to buy life insurance or a homeowner's policy to protect our contents. We also determine the risk we are willing to accept and able to afford when we set the deductible limits for our automobile insurance policies. The same is true of elected officials making decisions during their annual budget process when they weigh their constituents' competing demands for services versus their willingness and/or ability to pay taxes. The balance between risk and resources involves policy decisions. It involves making tough decisions about public needs and public funding. The economic reality is that most communities are either unable or unwilling to bear the cost of providing enough resources to fund every possible scenario. To do so would mean that schools, fire, police, public works and other essential services could not be adequately funded. As frustrating as it might be to a risk-reduction leader, funding is both an economic and political decision. The community is willing to accept the gap or deficiency known as the acceptable level of risk.

A community standard for the level of risk that citizens and government can tolerate and afford is enhanced when the level of risk is well-defined. This involves community engagement in the discussions and decision-making by those affected by the risk — the people in the community. Potential challenges to the process exist when there is lack of involvement in the process by key community leaders and officials, competing agendas among community representatives and agencies, and lack of experience with consensus processes.

When a community formulates its annual budget request, it is making recommendations concerning the acceptable level of risk it believes should be tolerated within the community. It is much easier to arrive at this recommendation if a formal risk assessment has been conducted. This involves obtaining comprehensive information about hazards, vulnerabilities, groups affected, frequency, severity, duration, capacity and more. Reviewing historical loss data as well as considering potential problems for the community is also required. Again, community and political leaders, members of the populations affected by risks, and emergency services officials should collaborate to determine the community's acceptable level of risk.

Source: National Fire Academy course "Leadership Strategies for Community Risk Reduction," September 2012.

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